

Central Intelligence Agency



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DIRECTORATE OF INTELLIGENCE

24 OCT 1984

MEMORANDUM FOR: John E. Ray
Assistant United States Trade Representative
East-West and Non-market Economies

FROM : [redacted]
Chief, Economics Division
Office of Global Issues

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SUBJECT : Romania and GATT [redacted]

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1. Attached is a copy of the examination your office requested on recent Romanian compliance with the import commitment they undertook when joining the GATT in 1971. [redacted]

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2. This memorandum was prepared by [redacted] the Office of European Analysis and [redacted] the Office of Global Issues. Comments or questions should be addressed to Chief, International Trade Branch, [redacted]

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Attachment:

Recent Romanian Trade with GATT Contracting Parties
GI M 84-10193, October 1984 [redacted]

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OGI/ECD/T: 24Oct84

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MEMORANDUM

Recent Romanian Trade with GATT Contracting Parties

When Romania joined the GATT in 1971, the Contracting Parties rejected negotiation of tariff concessions, the customary method of negotiating accession of a new member, in favor of a commitment to increase imports from GATT members. The Romanian schedule, Annex B of Romania's accession protocol (BISD, 18th Supp., p.5), requires Romania "to increase its imports from the contracting parties as a whole at a rate not smaller than the growth of total Romanian imports provided for in its Five-Year Plans."

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During 1980-1983 (1984 figures are not available) Romania has not met this commitment, and has not even been in a position to make a good faith effort to do so. Its 1981-1985 Five-Year Plan calls for about a 50 percent growth in imports from all sources over those five years (about 8.5 percent average annual growth). However, in every year 1981-1983 total imports and imports from the contracting parties fell. Not only did GATT members' exports to Romania fall, but their share of total Romanian imports fell in each of those years.

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Gearing Romania's import commitment to plan goals that became entirely unrealistic in the aftermath of world recession and debt crisis has resulted in a Romanian schedule that is as useless as the

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Polish schedule which set targets for annual percentage increases in imports. Modification of Romania's commitment by employing an indicator linked to economic performance -- for example, industrial production or national income growth -- might offer a technical solution. However, we believe it is doubtful that Romanian interest in GATT is any longer sufficient to accept such a commitment.

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ROMANIA: Trade with GATT and Non-GATT Members

	<u>1980</u>			<u>1981</u>			<u>1982</u>			<u>1983</u>		
	<u>Imports</u> <u>million \$ US</u>	<u>Percent</u> <u>of total</u> <u>Imports</u>	<u>Percent</u> <u>Change</u>	<u>Imports</u> <u>million \$ US</u>	<u>Percent</u> <u>of Total</u> <u>Imports</u>	<u>Percent</u> <u>Change</u>	<u>Imports</u> <u>million \$ US</u>	<u>Percent</u> <u>of Total</u> <u>Imports</u>	<u>Percent</u> <u>Change</u>	<u>Imports</u> ¹ <u>million \$ US</u>	<u>Percent</u> <u>of Total</u> <u>Imports</u>	<u>Percent</u> <u>Change</u>
Total	13193	100.0		11476	100.0	-13.0	8889	100.0	-22.6	8069	100.0	-9.2
GATT Members	6819	51.7		5708	49.7	-16.3	3809	42.9	-33.3	3364	41.7	-11.7
Non-CEMA	5591	42.4		4690	40.9	-16.1	2731	30.7	-41.8	2125	26.3	-22.2
CEMA	1228	9.3		1018	8.8	-17.1	1078	12.2	5.9	1239	15.4	14.9
Non-GATT Members	6374	48.3		5768	50.3	-9.5	5080	57.1	-11.1	4705	58.3	-7.4
Non-CEMA	3370	25.5		2605	22.7	-22.7	2414	27.1	-7.3	1875	23.2	-22.3
CEMA	3004	22.8		3165	27.6	5.4	2666	30.0	-15.8	2830	35.1	6.2

¹ Estimate

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